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Industrial Development Board

Eleventh session

SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 29 June 1993, at 10 a.m.

President: Mrs. MACHADO QUINTELLA (Brazil)
later: Mr. BAKSHI (India)

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The meeting was called to order at 10.20 a.m.

ORGANIZATION OF WORK

1. The PRESIDENT announced that the Bureau had recommended the establishment of informal in-session consultations in order to facilitate the process of reaching a consensus and drafting decisions on agenda items. All members of the Board were urged to participate in the consultations. The Bureau had also recommended that Viscount G. Vilain XIIII should chair the consultations in his capacity as a Vice-President of the Board. Draft decisions would not be discussed in consultations until after the end of the debate on the subject in question in plenary meeting. She asked the Board if it wished to adopt the procedure recommended by the Bureau.

2. It was so decided.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1992 ON THE ACTIVITIES OF THE ORGANIZATION (continued) (IDB.11/10, IDB.11/11, IDB.11/17, IDB.11/CRP.1, IDB.11/CRP.2; IDB.10/18; ID/380, ID/385; CAMI.11/4)

3. Mr. AWEIDAH (Observer for Palestine) said that the end of East-West confrontation had ushered in a new era of international cooperation, making it time for Israel to withdraw from the Palestinian and Arab territories so that the Palestinian people could exercise their legitimate national right to self-determination and the establishment of an independent State. Economic and social conditions in occupied Palestinian territory had deteriorated gravely. Israel had expropriated some 60 per cent of the land in the West Bank and the Gaza Strip and controlled 85 per cent of their water resources. It had continued to build settlements in the occupied territories, an act condemned by the international community as an impediment to peace. In the process of gaining control of the Palestinian economy, Israel was taxing the occupied territories heavily, depriving them of financial institutions and obstructing imports and exports, as a result of which unemployment had risen to over 54 per cent. The situation had been aggravated by the recent sealing-off and division of the occupied territories and the isolation of various districts from one another, hampering trade and movement between the areas concerned and, in the Gaza Strip, even creating hunger.

4. Industry in occupied Palestinian territory remained marginal, accounting for no more than

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9 per cent of the gross domestic product; most of it consisted of tiny enterprises and small family workshops. The fact that less than 14 per cent of the workforce was employed in industry was a measure of Israeli obstruction of Palestinian attempts to increase production and thereby create jobs. Palestinian industry, already heavily taxed, lacked national funding institutions and an adequate infrastructure, in addition to which the flooding of the Palestinian market with Israeli goods deprived Palestinian products of their competitive edge. The consequent suffering of the Palestinian people had given rise to a wave of sympathy and support from the international community, whose assistance was deeply appreciated by his delegation.

5. He thanked UNIDO for the technical assistance provided to the Palestinian people, and in particular the Government of Japan for its funding of the training project for entre- preneurs of small industries. The Palestine Liberation Organization (PLO) appealed to the international community to do everything possible to alleviate the suffering of the Palestinian people and enable them to rebuild the national institutions which had been destroyed by the occupation. He urged the Director-General to establish an economic unit for Palestine, in accordance with Industrial Development Board decision IDB.7/Dec.17; until that unit existed, he hoped that the work of the focal point for UNIDO assistance to the Palestinian people would expand, thus allowing them to benefit better from UNIDO expertise in training and the preparation of studies, plans and programmes for industrial development in Palestinian territory.

6. He reiterated his thanks to all the countries and international and regional organizations which helped the Palestinian people, in particular the countries of the European Community, Japan, Sweden, Canada, Switzerland and Austria. The most valuable assistance which the Palestinian people could receive was that which would help them to end the occupation and establish an independent State on their national territory.

7. Mr. NEGRU (Romania) commended the annual report of UNIDO for 1992. Although UNIDO's capacity to improve its performance had been adversely affected by the prolonged recession in developed countries and the collapse of the centrally-planned economic system of the former socialist countries, the Organization had made sustained efforts to promote technical assistance projects for the benefit of Central and Eastern European countries.

8. A number of successful projects of the Joint UNIDO-Romania Centre had been completed, including seminars on cooperation among developing countries in the petrochemical industry and on industrial investment project appraisal and the evaluation of the assets of public enterprises. A workshop and software demonstration on risk management for complex industrial areas, organized jointly by IAEA and UNIDO, had dealt with the environmental problems of a highly polluted area in Romania. Romanian specialists had also participated in a number of workshops and conferences organized by UNIDO. Larger regional UNIDO projects aimed at identifying investment opportunities had included Romania and missions of international experts had been dispatched to his country. Although the Joint UNIDO-Romania Centre had participated in those missions, none of the opportunities which they had identified had led to any form of investment commitment. In order to prevent UNIDO from acquiring a negative image among Romanian industrial economic agents, a detailed evaluation should be made of the results of past investment promotion projects related to Romanian enterprises and the number and efficiency of UNIDO industrial investment projects targeting Romania should be increased. Cooperation between the Department for Industrial Promotion, Consultations and Technology and the Bucharest office of the Joint UNIDO-Romania Centre should be expanded.

9. One method of increasing cooperation between Romanian and foreign industrial economic agents would be to ensure better access to technological and market information. That would doubtless be expedited by the future linkage of the Bucharest office of the Joint UNIDO-Romania Centre to UNIDO's data banks. Offering small- and medium-scale Romanian enterprises access to information available in the Industrial and Technological Information Bank would also be a constructive move. An interesting project proposal for Romanian small-scale industry would be the creation of an "industrial incubator" to enable highly qualified staff, formerly occupied in applied research, to set up small production companies based on locally developed technologies and know-how, a step which could be applied in other developing countries.

10. His Government attached importance to the development and transfer of new and non-polluting technologies, the reduction of energy consumption in energy-intensive industries, and assistance in the difficult process of resource mobilization, especially for the upgrading of polluting installations, a process which was not always economically attractive. Participation in seminars and workshops focusing on the logical framework approach and objective-oriented project planning would also commend itself to his Government as a means of increasing project efficiency and cost-effectiveness. He emphasized Romania's willingness to extend cooperation with UNIDO.

11. Mrs. OK (Turkey) commended the Secretariat's efforts to improve coordination in the utilization of all the sources of funds available to UNIDO, with the aim of increasing the impact of its technical cooperation activities. She also welcomed the teamwork approach adopted by the Secretariat as a realistic way of developing and implementing technical support services at the programme level.

12. Her Government shared the Secretariat's view that evaluation was an important component of technical cooperation activities. It was gratified that UNIDO was doing more to ensure that evaluation reports were taken into account early in the project identification stage. The Secretariat should continue its efforts to improve the quality, relevance, cost-effectiveness and sustainability of technical cooperation projects, as well as their conformity with the development programmes of requesting countries.

13. Her delegation was glad to note the intensification and diversification of cooperation between UNIDO and Turkey, a process in which the advanced level of Turkish industry was being used for the benefit of other developing countries. In the past year, eight in-plant group training programmes attended by 77 participants from 39 developing countries had been arranged in her country. Turkey had embarked on large-scale privatization and had acquired considerable experience in that area. In order to share it with other interested countries, an international workshop on technical cooperation for privatization had been held in Istanbul in November 1992, with participants from 13 countries. Her Government hoped that UNIDO would follow up the results of that workshop closely, and also bear in mind its interest in hosting an investment forum in Turkey. Her Government had entered into a commitment to contribute LT3,470,000,000 to the Industrial Development Fund for the 1993 programme.

14. Since Turkey attached great significance to economic and technical cooperation among developing countries, it welcomed the transfer of the ECDC section to the Special Measures and Activities Division. That would enhance the coordination and monitoring of projects. UNIDO should place greater emphasis on the crucial role of technical cooperation in broadening the participation of developing countries in the global economy, in particular through the creation of an effective and flexible industrial technology base and the sustainable use of natural and human resources in the choice and operation of technology.

15. She welcomed the establishment of an electronic network to improve promotion activities in the offices of the Investment Promotion Service (IPS). Greater multilateral and bilateral financial support should be given to UNIDO for expanding its investment promotion activities and involving developing countries in them more actively. Her country had cooperated with UNIDO in investment promotion both bilaterally and within the framework of the Organization of the Black Sea Countries, and was collaborating closely with it with a view to the establishment of an IPS office in Turkey.

16. Her delegation also welcomed the move to combine Consultations with investment promotion meetings. Although investment promotion and the System of Consultations operated at different levels, the two divisions of the Secretariat responsible for them might usefully be merged in the restructuring process.

17. She commended UNIDO's efforts to institutionalize the integration of women into its operational and research activities. UNIDO must ensure that its work involved and benefited women at all levels of industrialization. Specialized expertise in that respect would continue to be necessary if UNIDO was to respond effectively to the need for sustainable development identified in Agenda 21. That requirement should be taken into consideration in the restructuring process. In addition, she urged the Director-General to ensure that at least 10 per cent of posts in the Professional category were filled by women by the end of 1993.

18. Mr. WOTAVA (Austria) said that the tabular part of the annual report (IDB.11/10) presented an enlightening comparison between the outputs implemented by UNIDO and those it had planned for the period in question, but the descriptive part of the report would benefit from being more concise. The general performance of UNIDO in 1992 had to be seen against the background of rather unfavourable general conditions, the result of which had been that the productivity gap between the developed and the developing countries had widened further. Structural trends such as lower demand for primary commodities and the replacement of labour-intensive techniques by computer-aided automation had adversely affected the position of the developing countries, as had the reduction in the official development assistance provided by many traditional donors. That situation represented a challenge not only to the Organization but also to Member States, which should give clear guidance to the Secretariat in regard to markets and products that held promise for utilizing UNIDO's potential for realizing its comparative advantages over its competitors. That guidance had not yet been forthcoming, nor had the question of the organizational reform of the Secretariat been solved.

19. UNIDO, like the remainder of the United Nations system, had been made aware of the need to make better use of its financial resources, particularly in a time of scarcity. He hoped that the new management would implement that principle. The reported improvements in programme and project quality through the logical framework approach and the objective-oriented planning method for project design, as well as the Organization's relative success in adapting to the UNDP successor arrangements in upstream activities at the programme level, were encouraging.

20. Environmental sustainability was one of the key issues for the future of industrial development. He therefore encouraged UNIDO's participation in the process begun by the United Nations Conference on Environment and Development and called for a strong response by the Organization to Agenda 21. It might be possible to secure extrabudgetary contributions for UNIDO from the many funds and programmes active in that field. Energy questions, ranging from the creation of general awareness of energy use to the choice of energy sources and energy conservation and management, were also of growing importance for future industrialization. UNIDO's own energy programme as well as its cooperation in the group of the "Vienna Four" was therefore an essential aspect of its approach to industrial development.

21. Other areas of activity to which his delegation attached importance were assistance to the least developed countries, industrial development in rural areas, the integration of women, technical cooperation among developing countries, the transfer of technology and privatization. It was gratifying to note the high increase in the volume of investment projects handled by UNIDO in 1992. The new management deserved the support of all Member States, which could help the Organization by paying their contributions punctually and reaching swift decisions on priorities and organizational reform.

22. Mr. LEE (Republic of Korea) commended the Director-General on his approach to the issue of UNIDO's future and noted that the world economy continued to be marked by sluggishness and weakness. Growth projections for the economies of the developing countries remained uncertain. Against that background, UNIDO's role was more important than ever; it must reform itself and strengthen its ability to cope effectively with the disparity between the demands of the developing countries and the scarcity of its financial resources.

23. His delegation was concerned that the implementation of UNDP projects had dropped significantly during 1992, prompting a strong need for increased flexibility in the funding and execution of technical cooperation projects, as well as for the establishment of an order of priority in UNIDO's activities. Project delivery under the Industrial Development Fund (IDF) and trust fund schemes, as well as investment-related activities, had nevertheless grown. His Government had always supported and implemented IDF and trust fund projects and was prepared to extend its cooperation still further by an increased voluntary contribution to the Industrial Development Fund in 1993.

24. Despite a series of informal consultations, Member States had been unable to reach consensus on the prioritization of UNIDO activities. At present he merely wished to reiterate the importance of redefining UNIDO's objectives and roles on the basis of its comparative advantage within the United Nations system, after which it should establish its future priorities and restructure itself accordingly. The Organization should build up its capacity to deal with important issues such as sustainable development. He welcomed the action it had so far taken in response to the outcome of the United Nations Conference on Environment and Development. In close coordination with other United Nations agencies, UNIDO should participate actively in the implementation of Agenda 21, taking part in the work of the Commission on Sustainable Development and reporting back to the Board.

25. With regard to the Special Programme for the Industrial Development of Asia and the Pacific, his delegation considered that coordination between UNIDO and the Economic and Social Commission for Asia and the Pacific should be expanded. In tackling industrialization UNIDO should intensify its cooperation with the private sector, providing assistance within the framework of the industrial policy of each developing country. In the area of development and transfer of technology, it should play a leading role within its mandate in facilitating the transfer of environmentally sound and clean industrial technologies from the developed to the developing countries.

26. As far as staff recruitment was concerned, a determined effort should be made to ensure the equitable distribution of Professional category posts on both a regional and national basis. Due consideration should always be given to candidates from countries that were underrepresented or unrepresented in the Secretariat in the light of their ability to contribute to the work of UNIDO. He joined with other delegations in expressing concern over UNIDO's difficult financial situation, and in particular its cash flow problem, and urged Member States to pay their contributions in full and on time.

27. His Government would continue to give its full support to UNIDO and was ready to take part in joint efforts to overcome the current crisis and revitalize the Organization in the years to come. Like the new Director-General, he hoped that the forthcoming General Conference would open a fresh chapter in the Organization's life.

28. Mr. IAIANA (Observer for Argentina) said that his Government had recently set up an under-secretariat for investment within the Ministry of Finance and had designated it as the counterpart for the investment programme carried out jointly with UNIDO. He thanked the Industrial Investment Division for its speedy response to the request that the coordinator of the investment programme for Latin America and the Caribbean should make contact with the new counterpart, as well as its action to meet the wishes expressed by the MERCOSUR countries regarding the possibility of coordinating their investment promotion activities.

29. UNIDO's efforts to establish an electronic network designed to improve the coordination of investment promotion activities by linking the investment promotion offices, the focal points and Headquarters deserved support. His own country hoped to connect its information systems to that network. He drew attention to UNIDO's activities with regard to the delegates' programme in the investment promotion offices and the support which the programme received from the industrialized countries. It had clearly emerged from informal consultations that the developing countries attached the highest importance to industrial investment promotion. It was therefore gratifying to note that UNIDO's activities in that area had increased, a situation which called for the allocation of additional resources to the Industrial Investment Division.

30. He supported India's call for more attention to be paid to the goods and services available in developing countries, so that they could substantially increase their share in the award of contracts. He thanked UNIDO's Purchase Section for its contribution to the meeting of heads of United Nations procurement services held recently in Buenos Aires.

31. Ms. CARILLO (Cuba) said that despite a difficult financial situation UNIDO had been able to maintain its most important programmes and activities, mainly through the devoted efforts of the Secretariat. The attempt to streamline and reform the Organization had continued.

32. The provision of technical assistance to the developing countries remained a primary responsibility of UNIDO, necessitating high standards in the formulation and design of technical cooperation projects. Only such changes in that process as were strictly necessary should be introduced, bearing in mind the priorities laid down in the medium-term plan. Certain of those priorities might be regarded as more urgent than others and therefore more deserving of attention, but none of the programmes adopted in that connection should be dropped altogether. She endorsed the idea of formulating national

strategies in collaboration with beneficiary countries and of establishing a programme and project cycle management system. Those ideas should be carefully analysed with a view to making UNIDO's technical cooperation activities a source of real support for the developing countries.

33. Technical assistance had come to assume even greater importance for developing countries than in the past because of current economic difficulties. She expressed her Government's gratitude to UNIDO for being the first United Nations agency to respond to Cuba's request for emergency assistance in dealing with the epidemic that had recently afflicted her country, and also for its help after the storm that had ravaged Cuba.

34. She was concerned that only two projects were presently being implemented under the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean. While satisfied with their results, she hoped that others would soon go ahead.

35. UNIDO's environment programme provided a sound basis for future action, although the Organization's fields of competence and order of priority should be matched specifically to implementing Agenda 21. To fulfil its mandate in that respect, UNIDO must seek new and additional resources so that Member States could achieve the targets set under the programme.

36. It was gratifying to note that industrial investment activities had increased in 1992. Her own country was at present completing the final stages of a programme designed to attract foreign investment, first launched in 1989. Beginning with the tourist industry, the programme covered more than 100 businesses in all branches of the economy, including light metallurgy, agriculture and building materials. UNIDO's experience in those areas could be of great assistance to Cuba. Her country firmly intended, despite extreme economic difficulties, to support the new management of the Organization in every way it could. It was a source of great satisfaction that the new Director-General came from the Latin American and Caribbean region at a time of such great importance for its future.

37. Mr. FONTES BRAGA (Brazil) said that his country had placed considerable emphasis on the modernization of its industrial sector, seeking to develop its technological capability and to improve quality control and productivity. Within that framework, Brazil attached importance to its relationship with UNIDO, particularly in such areas as textiles, capital goods, agro-industries, metallurgy and the electro-electronic industries.

38. It was gratifying that UNIDO paid considerable attention to activities in the field of energy, in which his own country had developed technology for the commercial use of renewable energy sources. The Organization also placed emphasis on environmental activities, where it had an important role to play by helping developing countries to obtain access to environmentally friendly technologies and processes.

39. With regard to technical cooperation, he welcomed the action being taken to improve project evaluation, which should help to make them more relevant, cost-effective and sustainable. Careful attention should be given to the conformity of projects with the recipient country's development policies. He agreed with what other speakers had said about the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean and pointed out that economic and technical cooperation among developing countries (ECDC/TCDC) could be highly effective in mobilizing resources for both recipient and donor countries and in reducing UNIDO's costs. In his view, ECDC/TCDC activities should be expanded, so he failed to see why the staffing of the section concerned had been reduced.

40. As far as personnel matters were concerned, the statement by the staff of UNIDO (IDB.11/30) was in many respects a valid contribution to the work of the policy-making organs, but it contained propositions with which he could not agree. The staff must accept the need for the Director-General and Member States to take harsh measures in order to correct past mistakes. Questionable management practices were nevertheless being eliminated and he was convinced that the Director-General was pursuing the correct course of action in regard to personnel issues.

41. He was pleased to see from the progress report (IDB.11/11) that the target of 25 per cent for the overall representation of women in geographical posts in the Secretariat set by the General Conference for 1993 in decision GC.4/Dec.24 had almost been achieved. He particularly commended the improved distribution of female Professional staff by grade. However, since only 21.9 per cent of candidates on the Secretariat's roster were female, he urged Member States to propose more women candidates for senior Professional posts.

42. Without sacrificing its technical capacity at Headquarters, UNIDO should make better use of its staff in the field. Redeployment of posts to the regular budget might be a way of increasing the number of UNIDO Country Director posts without additional expenditure. UNIDO should raise the national execution content of programmes and projects, thus reducing costs to the Organization while increasing technological capacity and human resources development in the country concerned. UNIDO Country Directors (UCDs) should work closely with Headquarters and other UCDs in their region.

43. His delegation approved the conclusions and recommendations contained in the annex to document IDB.11/17 on the Consultations held in 1992. Initiatives to combine industrial investment promotion activities with Consultations should be intensified.

44. Mr. VEITOVAGLIA (Switzerland) said that, in the light of the exceptional diversity of UNIDO's activities, he eagerly awaited the formulation by the Director-General of precise objectives for its work. Priorities should be set within current activities; if Member States could not agree on the priorities, the Director-General would have to give a stronger lead in the matter. Although the Members of the Organization had a right to determine its strategy and priorities, they also had a duty to provide it with financial resources. He therefore supported the Director-General's appeal to Member States to fulfil their financial commitments.

45. UNIDO certainly had a role to play in the future industrialization of developing countries, including those countries in the process of economic transition. The Organization's effectiveness should be increased by giving priority to its comparative advantages, and particularly its ability to offer a global response to the needs of international industrial cooperation in all stages of the life of an industrial project. That response should be directed towards small- and medium-scale private enterprises.

46. Other priorities for UNIDO were technology transfer and technical assistance for industrial operations in target sectors such as agro-industries, leather, chemicals and pharmaceuticals, energy and the environment.

47. Assistance to enterprise management, industrial investment and human resource development were also important and should be guided by three basic principles: the principal beneficiaries should be small- and medium-scale private enterprises, professional and other institutions, and governments; strategies and operations should be based mainly on demand and therefore oriented to the needs of developing countries; and the industrial development assisted by UNIDO should be ecologically sustainable.

48. His delegation was glad that the Director-General had severely curtailed the System of Consultations, which it had long felt was not of great value to UNIDO. He asked the Director-General how he would be able to implement the programme of Consultations for 1994-1995 already approved by Member States with a severely reduced staff and financial resources.

49. Mr. CHEN Shiqiu (China) commended the Director-General for his annual report and the steps he had taken since his appointment. UNIDO was in a very difficult period of its existence and faced a number of challenges, but they represented opportunities which he was confident the Organization would grasp. As a representative of a developing country he fully supported UNIDO in its work to promote the industrial development of developing countries. The Organization should evaluate industrial development globally and relate it to the needs of developing countries. It should identify its comparative advantages and set priorities aimed at optimizing the use of scarce resources.

50. The annual report for 1992 was very comprehensive but did not clearly reflect UNIDO's priorities; in future it should be more concise and targeted, not simply a list of activities. Moreover, it should explain how effective the Organization had been and identify its strengths and weaknesses in order to determine which of its activities should be continued. It was important for a consensus to be reached on the priorities for UNIDO's activities so that it could make the best use of its resources.

51. One priority for UNIDO was to promote external investment and technology transfer for small- and medium-scale enterprises. The share of developing countries in inward investment, a precondition for industrial development in developing countries, had been declining steadily since the 1960s. At a time when aid was decreasing, UNIDO should endeavour to reverse that trend through action by its Investment Promotion Service. Investment in technology transfer would contribute to North-South and South-South cooperation.

52. His own country had benefited from investment activities, notably through the investment forum recently held in north-west China, and he looked forward to further such events in September 1993 and March 1994 that would involve cooperation between UNIDO and UNDP.

53. Mr. VEICHERKO (Belarus) said that recent experience had shown the increasing role of international institutions, among which UNIDO occupied a leading place, in improving international economic relations in general, and between developed and developing countries in particular. He particularly valued the work undertaken by UNIDO, the increasing number of projects which it implemented and the way in which it strengthened the industrial potential of recipient countries. The Organization was giving ever greater attention to environmental protection, the development of small- and medium-scale industries, investment promotion and the development of human resources.

54. For countries such as his which were transforming their economies, all aspects of cooperation with UNIDO were important, not only financial help but also consultancy and other technical assistance in perfecting legislation, developing the enterprise sector, dismantling industrial monopolies, developing human resources and solving problems of environmental protection. That issue was particularly important for his country, in which the cost of eliminating the consequences of the Chernobyl disaster was some 6 per cent of its gross domestic product for the current year. That expenditure was seriously delaying the rate of structural reform and transition to a market economy. He was grateful to the United Nations and to UNIDO, among others, for their interest in mitigating the effects of the Chernobyl catastrophe.

55. Another problem was the reform of the industrial sector, for which resources were needed. His country's internal resources were largely devoted not only to dealing with the aftermath of Chernobyl but also to supporting the social security system. He attached particular importance to the recent suggestion that a special international programme for industrial restructuring in newly independent countries should be set up. Such a programme could significantly help those countries in transforming their economies through capital investment and in rebuilding their industrial management capability.

56. A particularly important step would be the establishment of an industrial restructuring fund to meet the investment needs of newly independent countries at the enterprise level. The provision of country industrial reviews, the preparation of business plans for individual enterprises, and workshops to pass on foreign industrial management experience were activities in which UNIDO was particularly well qualified to offer assistance.

57. He looked forward to UNIDO's help in dealing with the aftermath of the Chernobyl disaster through the provision of funds by donor countries, as well as in the following areas: a programme of structural reform; modernization of basic industry to meet the needs of environmental protection and energy conservation; ecologically sound agricultural production; development of the private sector, including small- and medium-scale enterprises; and the development of an economic information data bank. He hoped that the recently opened United Nations office in Minsk would, in cooperation with UNIDO and his Government, provide effective assistance in those respects.

58. Mr. Bakshi (India) took the Chair.

59. Mr. ZAITSEV (Russian Federation) said that his delegation took a generally positive view of the Organization's activities in 1992. The Secretariat had been able to implement its programmed tasks satisfactorily despite financial constraints, a fact which pointed to the Organization's potential for operating even more effectively in the future.

60. His delegation welcomed the efforts made by UNIDO to meet the needs of countries undergoing the transition from a command to a market economy, especially in fields such as private-sector development, small- and medium-scale businesses, joint enterprises, free economic zones, privatization, conversion of the defence sector, organizational support for industrial activity and the retraining of managers. It also welcomed UNIDO's assistance in the restructuring of industry, the implementation of technical projects from trust fund sources and the organization of briefings for representatives of industry and business. Adequate support should be given to the UNIDO Centre for International Industrial Cooperation in Moscow.

61. UNIDO's intensified activities in helping to attract foreign investment had boosted industrial development. The investment forum of the countries of the Commonwealth of Independent States held in Vienna in November 1992, as well as the forum scheduled to be held in Irkutsk in October 1993, would be of direct practical interest to all Members of UNIDO in offering possibilities of cooperation with foreign companies in joint enterprises to tap Russia's rich natural resources and technological know-how. His delegation reaffirmed its interest in the preparation of analytical information on global investment trends and hoped that resources could be found for that work.

62. He regretted that the volume of cooperation extended to the Arab States, Europe and the Mediterranean was unwarrantably low by comparison with that furnished to other regions.

63. His delegation shared the view that UNIDO should be involved in work on the environment and energy. It requested the Secretariat to inform Member States of the progress of the work of the "Vienna four". The Organization's role in energy matters should relate not merely to the identification of environmentally safe industrial technologies but also to their implementation.

64. In the field of cooperation with developing countries, representatives of Russian science and industry had expressed interest in UNIDO projects for exploitation of the newest technologies. His delegation commended the Organization for its work in the areas of applied chemistry, new materials, genetic engineering and biotechnology. Representatives of Russian industry could benefit from the use of UNIDO's infrastructures and would welcome the opportunity to participate in its technology transfer activities. The Russian Federation could make a valuable contribution to the work of the Organization in matters of specific technologies, equipment and experts to assist in joint ventures.

65. His delegation saw importance in a selective approach by UNIDO to technology transfer and in encouraging professional associations to share in that activity, as well as in the need to create an international centre for the development of industrial technology.

66. With regard to reforming the Organization, experience showed that it was possible to improve its structure on the basis of the powers conferred on the Director-General by the Constitution. His delegation approved the organizational changes mentioned in chapter I, paragraph 17 of the annual report (IDB.11/10) and believed that it would be useful for the Director-General to pursue such an approach in the future.

67. Mr. PUTHO (Thailand), referring to the portion of the progress report (IDB.11/11) that dealt with activities in the field of energy, commended the endeavours of the "Vienna Four" and hoped that they would strengthen their cooperation in order to assist the developing countries in meeting their energy needs. High priority should be attached to UNIDO's work on new, renewable and non-polluting energy sources and on measures to improve efficiency in the industrial sector. A study on the advantages of hydropower should be conducted as a means of reducing the resistance of environmentalists in developing countries to the use of that source of energy.

68. With regard to the Special Programme for the Industrial Development of Asia and the Pacific, he said that the success of the many workshops organized in the context of the Programme depended to a large extent on the state of preparedness of both participants and organizers. The country briefs on the status of agro-related metalworking industries in the least developed countries of Asia and the Pacific appeared to be incomplete - the implication being that either the participating countries or the organizers had not been sufficiently prepared for the workshop on which those briefs had been based. Thorough preparations should be made for such workshops in advance. In the further implementation of the Special Programme his delegation hoped to see the formulation of adequately financed new programmes and projects of a regional or subregional character in the areas set out in the relevant General Conference resolutions and decisions, in close consultation with the countries concerned and with the incorporation of elements pertaining to economic and technical cooperation among developing countries. His delegation advocated the establishment of a special account for the Programme in the Industrial Development Fund in accordance with General Conference resolution GC.3/Res.18.

69. Turning to UNIDO's environment programme, he said that the Organization should give prominence to the link between the environmental and economic

aspects of cleaner production by promoting economic incentives for greener industries, systems for environment, energy, waste, health and safety audits, minimization of waste generation and the recycling of industrial wastes and by-products. Thailand was interested in working with UNIDO, in partnership with the United Nations Environment Programme, in the recently launched network of national cleaner production centres, which would support training and technology transfer along the lines proposed at the UNIDO 1991 Conference on Ecologically Sustainable Industrial Development.

70. In an era of disarmament, developed countries should mobilize financial resources more than ever before for the implementation of environmental programmes and projects in developing countries. Failure by the North to support the South in its endeavours to overcome environmental problems would mean their missing a golden opportunity for access to environmental technology markets in developing countries. His delegation commended the Secretariat for securing UNIDO's status as the fourth implementing agency for the Multilateral Fund for the Implementation of the Montreal Protocol. It hoped that UNIDO would increase its involvement in the implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and that it would continue to promote biotechnology, biosafety and genetic engineering systems, as well as the use of new and renewable sources of energy, to bring about cleaner industries in developing countries. His delegation fully approved the active involvement of UNIDO in United Nations inter-agency activities on the follow-up to the United Nations Conference on Environment and Development and the realization of Agenda 21.

71. Mrs. BECKER (United States of America) endorsed the remarks made by the observer for Denmark on behalf of the European Community and its member States and the comments made by the representative of Mexico regarding the importance of a proper project evaluation system. The Director-General's annual report was potentially one of the Organization's most effective advertisements, especially in the capitals of Member States. It should therefore be clear, concise and well focused, so as to ensure that policy makers and budget decision makers were fully aware of the Organization's objectives, successes, comparative advantages and forward-looking strategies.

72. The portion of the progress report (IDB.11/11) entitled "UNIDO environment programme, including follow-up to the United Nations Conference on Environment and Development" outlined an ambitious strategy to help developing countries launch sustainable industrial development programmes. UNIDO should be commended for its efforts to respond to the challenge presented by the United Nations Conference on Environment and Development (UNCED) and Agenda 21, and for developing a strategy to cooperate with UNDP on the implementation of the Capacity 21 project. Her Government had viewed UNCED as an extraordinary opportunity for greater cooperation on global issues, particularly with multilateral and bilateral institutions. UNIDO should be encouraged to play an active role in the Capacity 21 programme.

73. She emphasized her delegation's commitment to the participation of women in every aspect of UNIDO projects, particularly in field-level managerial positions, indigenous communities and non-governmental organizations. In view of its dwindling staff and financial resources, her delegation wished to know how UNIDO intended to meet its growing environmental commitments. A delineation of the goals and scope of several key projects would be useful in that respect. Her delegation applauded the achievements of UNIDO's environment programme and welcomed the fact that it had made the guidelines developed at the UNIDO 1991 Conference on Ecologically Sustainable Industrial Development (ESID) an integral part of its environmentally-related activities. Document IDB.11/11 provided a general framework for cooperation between UNIDO and UNDP on that important initiative. It was to be hoped that the Capacity 21 project and the incorporation of ESID guidelines into United Nations project activities across the board would signal an important shift in the conceptualization of technical assistance to developing countries.

74. Turning to the System of Consultations, she reminded the Board that, at its ninth session, her delegation had questioned the relevance of the System for UNIDO's industrialization policy. In decision IDB.9/Dec.9 the Board had recommended, inter alia: reducing the length of meetings to less than five days to encourage more private-sector attendance; exploring the possibility of combining the System of Consultation meetings with investment promotion meetings; and ensuring that the programme was fully integrated with other UNIDO activities. The progress report (IDB.11/11) stated that the Consultations held after the ninth session had been one day shorter than previous meetings and had included more private-sector participants, but with regard to the latter assertion it provided no basis for comparison. Furthermore, it gave the impression that the integration of the System of Consultations and UNIDO's industrial investment promotion programmes was unlikely.

75. The progress report gave examples of how, in response to the Board's request to synergize the programme with other UNIDO activities, various divisions within the Organization had taken advantage of the Consultation meetings to follow up on other UNIDO activities which had initiated new technical cooperation projects. However, the report provided no specific information on those projects. Finally, her delegation questioned whether Consultations held in Vienna, rather than in the region concerned, were effective and useful.

76. Given that the System could make appropriate yet limited contributions to UNIDO activities, the resources devoted to it should be proportional to potential results. In the current climate of fiscal restraint, Member States must be confident that the programmes of international organizations such as UNIDO were investing scarce resources effectively. Her delegation strongly urged UNIDO to continue its efforts to implement all of the recommendations made by the Board at its ninth session with regard to the System of Consultations.

The meeting rose at 12.45 p.m.